

ORIGINAL

RECEIVED

SEP 23 1999

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

September 23, 1999

Magalie Roman Salas  
Secretary  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554

EX PARTE OR LATE FILED

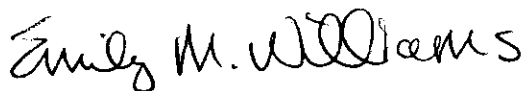
In re: Ameritech and SBC  
Communications, Application for Consent  
to Transfer Control, CC Docket 98-141

Dear Secretary Salas:

Please include the attached written ex parte communication delivered today to William Dever of the Common Carrier Bureau in the public file of the above-referenced proceeding.

If you have any questions about the attached please call me at 202 969-2585.

Sincerely



Emily M. Williams

Cc: William Dever

No. of Copies rec'd 0 + 1  
List ABCDE

ATTACHMENT 1

ORIGINAL

EX PARTE OR LATE FILED

**PROPOSED CONDITIONS FOR**

**FCC ORDER APPROVING**

**SBC/AMERITECH MERGER**

**With some suggested footnotes provided by the  
Association for Local Telecommunications Services**

No. of Copies rec'd  
List ABCDE

041

**INDEX TO PROPOSED CONDITIONS TO FCC ORDER APPROVING  
SBC/AMERITECH MERGER**

**PROMOTING EQUITABLE AND EFFICIENT ADVANCED SERVICES DEPLOYMENT**

I.	Separate Affiliate for Advanced Services .....	2
II.	Discounted Surrogate Line Sharing Charges.....	19
III.	Advanced Services OSS.....	21
IV.	Access to Loop Information for Advanced Services.....	26
V.	Loop Conditioning Charges and Cost Studies .....	27
VI.	Non-discriminatory Rollout of xDSL Services .....	27

**ENSURING OPEN LOCAL MARKETS**

VII.	Carrier <del>{Interconnection}</del> [-to-Carrier] Performance Plan (Including Performance Measurements) .....	28
VIII.	Uniform and Enhanced OSS.....	29
IX.	Restructuring OSS Charges.....	37
X.	OSS Assistance to Small CLECs .....	38
XI.	Collocation Compliance.....	38
XII.	Most-Favored-Nation Provisions for Out-of-Region and In-Region Arrangements.....	41
XIII.	Multi-State Interconnection and Resale Agreements .....	43
XIV.	Carrier-to-Carrier Promotions: Unbundled Loop Discount .....	43
XV.	Carrier-to-Carrier Promotions: Resale Discount .....	45
XVI.	Carrier-to-Carrier Promotions: UNE Platform.....	47
XVII.	Offering of UNEs.....	49
XVIII.	Alternative Dispute Resolution through Mediation.....	49
XIX.	Shared Transport in Ameritech States .....	50
XX.	Access to Cabling in Multi-Unit Properties.....	51

**FOSTERING OUT-OF-REGION COMPETITION**

**XXI. Out-of-Territory Competitive Entry (National-Local Strategy).....53**

**IMPROVING RESIDENTIAL PHONE SERVICE**

**XXII. InterLATA Services Pricing.....56**

**XXIII. Enhanced Lifeline Plans .....56**

**XXIV. Additional Service Quality Reporting .....58**

**XXV. NRIC Participation .....59**

**ENSURING COMPLIANCE WITH AND ENFORCEMENT OF THESE CONDITIONS**

**XXVI. Compliance Program .....59**

**XXVII. Independent Auditor.....60**

**{XXIII.} [XXVIII.] Enforcement.....62**

**{XXIV.} [XXIX.]Sunset .....64**

**{XXV.} [XXX]Effect of Conditions .....64**

**ATTACHMENTS**

**ATTACHMENT A: Carrier {Interconnection}[-to-Carrier] Performance Plan**

**ATTACHMENTS A-1a, A-1b, A-2a, A-2b: Performance Measurements**

**ATTACHMENT A-3: Calculation of Parity and Benchmark Performance  
and Voluntary Payments**

**ATTACHMENT A-4: Voluntary Payments for Performance Measurements**

**ATTACHMENT A-5a, A-5b: SBC/Ameritech Measurement Lists**

**ATTACHMENT A-6: Monthly and Annual Caps**

**ATTACHMENT B: Model Collocation Attestation Report**

**ATTACHMENT C: Promotional Discounts for Residential Unbundled Local Loops**

**ATTACHMENT D: Alternative Dispute Mediation**

**ATTACHMENT E: Potential Out-of-Territory Markets**

**APPENDIX A**  
**PROPOSED CONDITIONS TO FCC ORDER APPROVING**  
**SBC/AMERITECH MERGER**

As a condition of exercising the grant authorized herein, SBC and Ameritech shall comply with the following enumerated Conditions.<sup>1</sup> Unless otherwise specified herein, the Conditions described herein shall become effective 10 business days after the Merger Closing Date. The Conditions described herein shall be null and void if SBC and Ameritech do not merge and there is no Merger Closing Date.

Nothing in these Conditions is intended to restrict, supersede, or otherwise alter state or local jurisdiction under the Communications Act of 1934, as amended, or over the matters addressed in these Conditions, or to limit state authority to adopt rules, regulations, performance monitoring programs, or other policies that are not inconsistent with these Conditions.<sup>2</sup> Nor do the Conditions reflect or constitute any determination or standard regarding SBC/Ameritech's compliance or non-compliance with 47 U.S.C. §§ 251, 252, 271, or 272.

For the purposes of these Conditions, the term "Merger Closing Date" means the day on which, pursuant to their Merger Agreement, SBC and Ameritech cause a Certificate of Merger to be executed, acknowledged, and filed with the Secretary of State of Delaware as provided in Section 251 of the Delaware General Corporation Law, as amended. The term "prior to the Merger Closing Date" means prior to the time that SBC and Ameritech cause a Certificate of Merger to be executed, acknowledged, and filed with the Secretary of State of Delaware as provided in Section 251 of the Delaware General Corporation Law, as amended.

For purposes of these Conditions, the term "SBC/Ameritech" shall mean Illinois Bell Telephone Company, Indiana Bell Telephone Company, Incorporated, Michigan Bell Telephone Company, Nevada Bell, The Ohio Bell Telephone Company, Pacific Bell, The Southern New England Telephone Company ("SNET"), Southwestern Bell Telephone Company ("SWBT"), and Wisconsin Bell, Inc.; any successor or assign of such company that provides wireline

---

<sup>1</sup> To the extent that these Conditions impose fewer or less stringent obligations on SBC/Ameritech than the requirements of any past or future Commission decision or any provisions of the 1996 Act or the Commission or state decisions implementing the Act or any other pro-competitive statutes or policies, nothing in these Conditions shall relieve SBC/Ameritech from the requirements of that Act or those decisions. The approval of the Merger subject to these Conditions does not constitute any judgment by the Commission on any issues of either federal or state competition law. In addition, these conditions shall have no presidential effect in any forum, and shall not be used as a defense by the Merging Parties in any forum considering additional procompetitive rules or regulations.

<sup>2</sup> We interpret these Conditions as providing a common baseline of pro-competitive policies and standards throughout the SBC-Ameritech region. These Conditions do not "occupy the field" in a manner that would supercede or alter more stringent state or local policies. As a result, individual states will not be limited in taking other pro-competitive actions that go beyond what is required by these Conditions, even on items explicitly discussed in these Conditions.

telephone exchange service; and Ameritech Corporation, SBC Communications Inc., and any successor of either company.

For purposes of these conditions, the term "SBC/Ameritech Service Area" shall mean the combined service areas of Illinois Bell Telephone Company, Indiana Bell Telephone Company, Incorporated, Michigan Bell Telephone Company, Nevada Bell, The Ohio Bell Telephone Company, Pacific Bell, SNET, SWBT, and Wisconsin Bell, Inc. where those companies operated as incumbent local exchange carriers ("incumbent LECs") as of August 27, 1999.

For purposes of these conditions, the term "SBC/Ameritech States" shall mean Arkansas, California, Connecticut, Illinois, Indiana, Kansas, Michigan, Missouri, Nevada, Ohio, Oklahoma, Texas, and Wisconsin. The term "SBC States" shall mean Arkansas, California, Connecticut, Kansas, Missouri, Nevada, Oklahoma, and Texas. The term "Ameritech States" shall mean Illinois, Indiana, Michigan, Ohio, and Wisconsin.

For purposes of these Conditions, the term "affiliate" shall have the same meaning as in 47 U.S.C. § 153(1).

For purposes of these Conditions, the term "telecommunications carrier" shall have the same meaning as in 47 U.S.C. § 153(44).

## PROMOTING EQUITABLE AND EFFICIENT ADVANCED SERVICES DEPLOYMENT

### **I. Separate Affiliate for Advanced Services <sup>3</sup>**

1. SBC/Ameritech shall provide all Advanced Services **[in the SBC/Ameritech Service Area]** through one or more affiliates that are structurally separate from the SBC/Ameritech incumbent LECs in accordance with the provisions and schedule set forth below. As described below, Ameritech and SBC shall establish separate Advanced Services affiliates prior to the Merger Closing Date. Upon receiving state approval of interconnection agreements and obtaining any necessary state authority or certification,<sup>4</sup> SBC/Ameritech shall transition the provisioning of Advanced Services to one or more separate Advanced Services affiliates. Nothing in this Section I is intended to prohibit SBC/Ameritech's separate Advanced Services affiliates from providing services that are not Advanced Services in accordance with any applicable federal or state laws or regulations.

2. Advanced Services. For purposes of these Conditions, the term "Advanced Services" means intrastate or interstate wireline telecommunications services, such as ADSL, IDSL, xDSL, Frame Relay, Cell Relay and VPOP-Dial Access Service (an SBC Frame Relay-based service) that rely on packetized technology and have the capability of supporting transmissions speeds of at least 56 kilobits per second in both directions. This definition of Advanced Services does not include (1) data services that are not primarily based on packetized technology, such as ISDN, (2) x.25-based

---

<sup>3</sup> These Conditions shall not be construed as Commission approval of or decision that any exclusive or other arrangement or contract between a SBC/Ameritech incumbent LEC and the Advanced Services affiliate discussed in these Conditions is lawful. In the event SBC/Ameritech engage in exclusive or other transactions between the Advanced Services affiliate and the incumbent LEC, SBC/Ameritech does so at its own risk and is subject to any decision by a court of competent jurisdiction, any state commission or this Commission as to the lawfulness of any such arrangement under the Communications Act, the federal antitrust statutes, or any other provision of federal, state or local law. By approving the merger subject to these Conditions, the Commission explicitly states that the primary jurisdiction doctrine should not apply to disputes between SBC/Ameritech and any party with regard to the subject matter of these Conditions. In particular, the existence of these Conditions and Commission approval of these Conditions may not be used by SBC/Ameritech or any court to implicate or invoke the primary jurisdiction doctrine with regard to any case in which a party alleges that any arrangement, contract, or agreement between the Advanced Services Affiliate and an SBC/Ameritech incumbent LEC violates any provision of federal, state or local law. In addition, the Commission notes that Section 207 provides a private right of action for violations of the Communications Act of 1934, as amended, and that the existence of these Conditions and Commission approval of these Conditions in no way affects any party's rights under Section 207 to recover damages for failure to comply with the Act or to comply with the terms of any interconnection agreement entered into pursuant to the Act.

<sup>4</sup> We understand that SBC/Ameritech will undertake in good faith to obtain interconnection agreements and any required state certifications as quickly as possible, and will use their best efforts to expedite both processes to the maximum extent possible.

and x.75-based packet technologies, or (3) circuit switched services (such as circuit switched voice grade service) regardless of the technology, protocols or speeds used for the transmission of such services.

3. Section 272 Requirements for the Separate Advanced Services Affiliates. Subject to the transitional mechanisms discussed below, the separate Advanced Services affiliate(s) required by this Section I shall operate in accordance with the structural, transactional, and non-discrimination requirements that would apply to a separate affiliate's relationships with a Bell Operating Company ("BOC") under 47 U.S.C. § 272(b), (c), (e), and (g), as interpreted by the Federal Communications Commission (the "Commission") as of August 27, 1999, except to the extent those provisions are inconsistent with the provisions of this Paragraph, in which case the provisions of this Paragraph shall apply.<sup>5</sup> Except as provided in Subparagraph c, below, SBC/Ameritech shall comply with the Commission's accounting safeguards pursuant to 47 U.S.C. § 272 for all transactions **[(including chaining transactions)]** between an incumbent LEC and a separate Advanced Services affiliate and shall continue to do so regardless of, and consistent with, the specific accounting method SBC/Ameritech uses. If the separate Advanced Services affiliate does not deviate (other than in an inadvertent or incidental manner) from the requirements of 47 U.S.C. § 272(b), (c), (e), and (g) except as described in this Paragraph and Subparagraphs below, such separate affiliate(s) shall not be deemed a successor or assign of a BOC or incumbent LEC for purposes of applying 47 U.S.C. §§ 153(4) or 251(h). Moreover, if Advanced Services assets, equipment, customers, systems, or employees are transferred, assigned, or sold from an SBC/Ameritech incumbent LEC to the separate Advanced Services affiliate consistent with these Conditions, the incumbent LEC's obligations under 47 U.S.C. §§ 251, 252, or 272 shall not be assigned or transferred to the separate Advanced Services affiliate.

a. Any SBC/Ameritech separate Advanced Services affiliate and any SBC/Ameritech incumbent LEC may joint market their services with the services of the other, and provide related customer care on behalf of the other, without being subject to any non-discrimination requirement under these Conditions.<sup>6</sup> Permitted joint marketing by the incumbent LEC that may be conducted on an exclusive basis would include the sale of Advanced Services provided by the Advanced Services affiliate and the transfer of the customer's Advanced Services order or customer identified by the incumbent LEC through inbound or outbound marketing to the affiliate for completion in accordance with Subparagraph 4b(5). When performing these joint marketing activities later than 180 days after the Merger Closing Date in all states except Connecticut, the employees of the incumbent LEC may only access the incumbent LEC's loop information through the same interfaces, Operations Support Systems ("OSS"), processes, and procedures as are made available to unaffiliated telecommunications carriers, as described in Paragraphs 15, 19, and 20. **[In Connecticut, this obligation shall apply consistent with the schedules established in Paragraphs 15 and 20 for deployment of OSS interfaces in Connecticut.]** Permitted joint marketing by the

---

<sup>5</sup> The Commission recognizes that it does not have the authority to relieve SBC/Ameritech of the non-discrimination and parity requirements of Section 252 of the Telecommunications Act of 1996.

<sup>6</sup> In so doing, SBC/Ameritech must comply with the Commission's affiliate transaction rules, to ensure that the Advanced Services affiliate fully compensate the SBC/Ameritech incumbent LEC for services rendered. See Footnote 3 *supra*.



Advanced Services affiliate would include ~~{completion of orders}~~ **[sales and completing the sales function, up to and including the taking of an order,]** for Advanced Services and local services by the affiliate (using the same interfaces and processes used by unaffiliated telecommunications carriers as required by these Conditions) and the transfer of customer orders or calls identified by the affiliate to the SBC/Ameritech incumbent LEC for provisioning of the customer's local service order. Permitted joint marketing by either the incumbent LEC or the separate Advanced Services affiliate would include customer contacts up to and including the sale, including responding to customer inquiries, sales, and order-taking. For purposes of these Conditions, "customer care" means the following functions performed after the sale: on-going customer notification of service order progress, response to customer inquiries regarding the status of an order, changes to customer information, and receipt of customer complaints (other than receipt and isolation of trouble reports, such as reports of service outages or service impairment, which shall be processed in accordance with Subparagraph 4(j)).

b. The SBC/Ameritech incumbent LEC may provide billing and collection services to the separate Advanced Services affiliate, provided, however, that if the affiliate's charges are included in the same bill envelope as the charges of the incumbent LEC, the charges of the separate Advanced Services affiliate shall be stated on a separate bill page from the charges of the incumbent LEC. The SBC/Ameritech incumbent LEC may also provide a separate bill for the separate Advanced Services affiliate. In the event that the SBC/Ameritech ILEC provides billing and collection services to the separate Advanced Services affiliate within a state under this Subparagraph, it shall provide the same billing and collection services to unaffiliated providers of Advanced Services in that state on nondiscriminatory rates, terms, and conditions, including start-up costs and timeframes; provided, however, that the bill for the unaffiliated Advanced Services provider may be mailed in a separate bill envelope from the charges of any SBC/Ameritech incumbent LEC or affiliate. The rates charged for providing billing and collection for unaffiliated providers in a separate envelope shall be no higher than the rates for providing billing and collection for the separate Advanced Services affiliate on a separate page in the same envelope. Permitted billing and collection services include payment arrangements, account adjustment, responding to account balance inquiries, account closure, responses to legal action affecting or involving the customer, and receipt and resolution of customer billing and collection complaints. Transactions between the incumbent LEC and a separate Advanced Services affiliate that are permitted by this Subparagraph shall be made pursuant to a written agreement between the incumbent LEC and the affiliate.<sup>7</sup>

c. Any SBC/Ameritech incumbent LEC may provide **[the]** operations, installation, and maintenance ("OI&M") services **[permitted under Paragraph 4]** to any separate Advanced Services affiliate on a non-discriminatory basis pursuant to a tariff, written affiliate agreement, or approved interconnection agreement, provided that the same services made available to the separate ~~{Advanced Services}~~ affiliate are made available to unaffiliated providers of Advanced Services **[in that state]** on a non-discriminatory basis consistent with the requirements of 47 U.S.C. ~~{§ 272(e)}~~ **[§ 272(c)]** and the Commission's implementing rules as in effect on August 27, 1999, where not inconsistent with the provisions of this Section. Because such OI&M services are not UNEs and, therefore, are not subject to forward-looking pricing methodologies, they will be

---

<sup>7</sup> Upon request, SBC/Ameritech shall make these written agreements available to all state commissions with jurisdiction over such activities, as well as to the Commission, to allow monitoring of these transactions

priced and made available on a non-discriminatory basis based upon the Commission's affiliate transaction rules.<sup>8</sup> ~~{For purposes of these Conditions, OI&M services provided under this Subparagraph shall not include network planning, engineering, design, or assignment services. With respect to these transactions}~~ **[The following additional provisions shall apply to the incumbent LEC's provision of OI&M services:**

(1) **With respect to transactions for OI&M services]**, SBC/Ameritech shall comply with the Commission's Section 272 accounting safeguards and will continue to do so regardless of, and consistent with, the specific accounting method ~~{that}~~ SBC/Ameritech uses.

~~{However, public disclosure of the governing interconnection agreement (including the prices, discounts, terms and conditions associated with that agreement) shall replace the transaction disclosure requirements as applied to}~~ **[(2) Processes, systems, and procedures made available by the incumbent LEC for use by] the separate Advanced Services affiliate** ~~{for facilities and services provided pursuant to such agreement.}~~ **[to obtain OI&M services from the SBC/Ameritech incumbent LEC under this Subparagraph shall be available for use by unaffiliated providers of Advanced Services in that state on non-discriminatory rates, terms, and conditions.**

(3) In order to provide for an orderly and efficient transfer of personnel and systems to the separate Advanced Services affiliate, for a period of not more than 180 days after the Merger Closing Date, the incumbent LEC may provide ~~{(}[,] under a written agreement{)}~~ **[,] network planning, engineering, design[,], and assignment services [for Advanced Services Equipment as defined in Subparagraph 3d (including the creation and maintenance of customer records)],** including the use of systems and databases associated with these services, on an exclusive basis to the separate Advanced Services affiliate. ~~{Processes, systems, and procedures used by}~~ **[After 180 days,] the separate** ~~{Advanced Services}~~ **affiliate** ~~{to}~~ **[shall not] obtain** ~~{OI&M}~~ **[such] services from** ~~{the}~~ **[any] SBC/Ameritech incumbent LEC** ~~{under this Subparagraph shall be available for use by unaffiliated providers of advanced services on a non-discriminatory basis}~~.

d. The incumbent LEC and separate Advanced Services affiliate(s) may separately own facilities or network equipment used specifically to provide Advanced Services ("Advanced Services Equipment"), provided that the separate Advanced Services affiliate shall own (or lease from an entity other than an SBC/Ameritech incumbent LEC) and operate all new Advanced Services Equipment (as defined below) used to provide Advanced Services (including equipment used to expand the capability or capacity of existing Advanced Services Equipment) put into service by SBC/Ameritech later than 30 days after the Merger Closing Date. Repair and/or replacement of Advanced Services Equipment owned by the incumbent LEC shall not be considered to be new Advanced Services Equipment put into service. For purposes of this Section I, Advanced Services Equipment is: (1) DSLAMs or functionally equivalent equipment; (2) spectrum splitters that are used solely in the provision of Advanced Services; (3) packet switches and multiplexers such as ATMs and Frame Relay engines used to provide Advanced Services; (4) modems used in the

---

<sup>8</sup> See footnotes 1 & 2 supra. Nothing herein prevents the Commission or any particular state from ruling in the future that OI&M services, in whole or in part, are a UNE that must be provided pursuant to Sections 251 and 252 of the Act and pursuant to Commission rules.

provision of packetized data; and (5) DACS frames used only in the provision of Advanced Services. Spectrum splitters (or the equivalent functionality) used to separate the voice grade channel from the Advanced Services channel shall not be considered Advanced Services Equipment; any such splitters installed after the Merger Closing Date that are located at the customer premises shall be considered network terminating equipment. In order to allow an efficient transition to the non-discriminatory use of Advanced Services Equipment or an efficient transfer of Advanced Services Equipment to the separate Advanced Services affiliate, any Advanced Service Equipment that was utilized by the incumbent LEC to provide an Advanced Service to its embedded base of customers in a state as of the Merger Closing Date may continue to be utilized by the incumbent LEC and access may be provided (under a written agreement) to the separate Advanced Services affiliate on an exclusive basis within the state during a transitional period.<sup>9</sup> The transitional period shall be until such time as SBC/Ameritech is required to provide all Advanced Services utilizing the Advanced Services Equipment through a Separate Advanced Services affiliate in that state, in accordance with the provisions of Paragraph 6. Additionally, the incumbent LECs may provide the ADSL service derived from the integrated combination of an unbundled loop, a DSLAM, and spectrum splitters at each end of the unbundled loop where the unbundled loop is also used to provide voice grade service ("Interim Line Sharing")], **including OI&M functions associated with Interim Line Sharing,**] to the separate Advanced Services affiliate(s) on an exclusive basis within any geographic area until line sharing is provided to unaffiliated providers of Advanced Services within the same geographic area, as described in Paragraph 8, provided that the incumbent LEC provides unaffiliated providers of Advanced Services within the same geographic area the Discounted Surrogate Line Sharing Charges, as described in Paragraph 14;<sup>10</sup>

e. The incumbent LEC may (but shall not be required to) transfer or sell to the separate Advanced Services affiliate(s), on an exclusive basis, any Advanced Services Equipment, including supporting facilities and personnel, during a "Grace Period." The Grace Period shall be from August 27, 1999 until the date that is 180 days after the date that the Commission issues a final order, not including any appeals, in the UNE remand proceeding (CC Docket 96-98). In states where regulatory approval is required to transfer Advanced Services Equipment, if SBC/Ameritech seeks such required regulatory approval during the Grace Period, and completes the transfer of Advanced Services Equipment for which regulatory approval is required within 180 days after receiving such approval, then such Advanced Services Equipment shall be deemed to have been transferred during the Grace Period. Such Advanced Services Equipment that may be transferred to the separate affiliate on an exclusive basis is limited to that equipment described in Subparagraph

---

<sup>9</sup> The written agreement relating to the transfer of this equipment to the Advanced Services affiliate shall be filed with the state commission as part of the interconnection agreement between the Advanced Services affiliate and the incumbent LEC. Such agreement shall fully comply with the Commission's affiliate transaction rules.

<sup>10</sup> With regard to the legality of any such exclusive arrangement, *see* Footnote 3. The proposed interim line sharing arrangements discussed here and in Paragraphs 8 and 14 do not address the non-price operational and implementation advantages the affiliate(s) will have during the interim line sharing period, and these conditions in no way restrict, supercede or otherwise alter the ability of state commissions, consistent with their ongoing jurisdiction, to address such issues.

~~{e}~~ [d] above and does not include any facilities or equipment deemed to be a mandatory unbundled network element under 47 C.F.R. § 51.319 (as in effect on January 24, 1999).

f. The separate Advanced Services affiliates may use the incumbent LEC's name, trademarks, or service marks on an exclusive basis.

g. Employees of the separate Advanced Services affiliate(s) may, on an exclusive basis, be located within the same buildings and on the same floors as employees of the incumbent LECs.

h. For a transition period of **[up to]** 12 months after the Merger Closing Date, an SBC/Ameritech incumbent LEC may receive and process Advanced Services-related trouble reports and perform related trouble isolation on behalf of a separate Advanced Services affiliate on an exclusive basis.

i. **[Public disclosure of the governing interconnection agreement (including the prices, discounts, terms and conditions associated with that agreement) shall replace the transaction disclosure requirements (including Internet posting) that otherwise would apply to the incumbent LEC and separate Advanced Services affiliate under Section 272 and the Commission's implementing rules for facilities and services provided pursuant to such agreement.]<sup>11</sup>**

4. Steady-State Provisioning of Advanced Services. After a transition period (as defined in Subparagraph 4n below), all Advanced Services offered by SBC/Ameritech in the SBC/Ameritech Service Area will be provisioned in accordance with the terms of this Paragraph, which provisions are consistent with the provisions of Paragraph 3.<sup>12</sup> After such transition period, the overall responsibility for providing Advanced Services in the SBC/Ameritech Service Area shall rest with a separate Advanced Services affiliate. In fulfilling those responsibilities a separate Advanced Services affiliate may utilize the facilities and services of an incumbent LEC consistent with the provisions of Paragraph 3. Specifically, with respect to SBC/Ameritech's steady-state provisioning of Advanced Services in the SBC/Ameritech Service Area, this Paragraph describes (1) the activities that an SBC/Ameritech incumbent LEC may undertake, and associated conditions that apply if an incumbent LEC chooses to perform such activities, and (2) the activities that are the responsibility of a separate Advanced Services subsidiary and which may not be performed by an incumbent LEC.

a. Creating an Inventory of Advanced Services Equipment and Advanced Service Capability. Consistent with the Commission's rules implementing the provisions of 47 U.S.C. § 272(b)(1), the separate Advanced Services affiliate shall be responsible for network

---

<sup>11</sup> The Commission retains authority to ensure that these agreements comply with Commission rules. In particular, filing of the governing interconnection agreement before the state commission shall not be construed as limiting or restricting the Commission's ability to investigate or enforce any of its rules.

<sup>12</sup> The Commission does not have the authority to relieve SBC/Ameritech of the non-discrimination and parity requirements of Section 252 of the Telecommunications Act of 1996.

planning and engineering functions related to Advanced Services, and these functions may not be provided by an incumbent LEC. The network planning and engineering functions related to Advanced Services that are the responsibility of the separate Advanced Services affiliate and which may not be performed by an incumbent LEC include:

- (1) Determining where, when, and how much Advanced Services Equipment needs to be deployed to meet forecasted customer demands, and ensuring that such equipment is compatible with the interconnection services (e.g., unbundled local loops) and/or tariffed services (e.g., DS1 special access service) the separate Advanced Services affiliate will purchase from the incumbent LEC.
- (2) Arranging for the purchase of Advanced Services Equipment.
- (3) Arranging and negotiating for collocation space with the incumbent LEC under the same terms and conditions, and utilizing the processes that are made available to unaffiliated telecommunications carriers, and arranging for any new Advanced Services Equipment to be delivered.
- (4) Inventorying, in systems and databases owned by the separate Advanced Services affiliate, its Advanced Services Equipment deployed and identifying whether such equipment is used or available to provide Advanced Services to customers.

The incumbent LEC may, pursuant to the OI&M provisions of Subparagraph 3c, perform the following tasks that are associated with creating an inventory of Advanced Services Equipment and Advanced Service capability.<sup>13</sup> Processes, systems, and procedures used by the separate Advanced Services affiliate to obtain OI&M services under this Subparagraph shall be available to unaffiliated providers of Advanced Services on a non-discriminatory basis.

- (5) The incumbent LEC may install the affiliate's Advanced Services Equipment. If the incumbent LEC provides these services to the separate Advanced Services affiliate, it must provide the same services under the same [rates,] terms[, and conditions to unaffiliated telecommunications carriers of Advanced Services.
- (6) An incumbent LEC technician may connect together various items of Advanced Services Equipment owned by the affiliate located in virtual collocation space or other space controlled by the incumbent LEC, or may connect various items of Advanced Services Equipment owned by the affiliate located in such space with telecommunications services and/or unbundled network elements ordered by the affiliate (e.g., the incumbent LEC technician could connect a DSLAM to an ATM switch via a DS3 special access service ordered by the affiliate), in accordance with a work order from the affiliate. If the incumbent LEC provides these services to the separate Advanced Services affiliate, it must provide the same services under the same [rates,] terms and conditions to unaffiliated telecommunications carriers.

- (7) An incumbent LEC technician may connect together various items of Advanced Services Equipment owned by the affiliate located in physical collocation space, or may

---

<sup>13</sup> With regard to the legality of the tasks performed by the incumbent LEC for the Advanced Services affiliate, *see* Footnote 3.

connect various items of Advanced Services Equipment owned by the affiliate located in physical collocation space with telecommunications services and/or unbundled network elements ordered by the affiliate, in accordance with a work order from the affiliate. If the incumbent LEC provides these services to the separate Advanced Services affiliate, it must provide the same services under the same **[rates,] terms[,]** and conditions to unaffiliated telecommunications carriers.

b. Customer Sales Process for New Installations. Consistent with the joint marketing provisions of Subparagraph 3a, the incumbent LEC may, on an exclusive basis, complete the sale of **[, up to and including the taking of an order for,]** Advanced Services on behalf of the separate Advanced Services affiliate by performing any of the following activities:

(1) On inbound customer calls, the incumbent LEC service representative may discuss Advanced Services with the customer and obtain the customer's agreement to purchase an Advanced Service provided by the separate Advanced Services affiliate.

(2) An incumbent LEC service representative may make outbound calls to discuss Advanced Services with a customer and may obtain the customer's agreement to purchase an Advanced Service provided by the separate Advanced Services affiliate.

(3) During a sales discussion with a customer, an incumbent LEC service representative may review loop information to determine if it is possible to provide an Advanced Service to the customer provided, however, that the incumbent LEC service representative may only have access to the same loop information of the incumbent LEC as is available to unaffiliated telecommunications carriers and may only access such loop information through the same electronic OSS interfaces, Internet access, and/or manual methods, as are made available to unaffiliated telecommunications carriers, in accordance with Paragraphs 15, 19, and 20.

(4) During a sales discussion with a customer, an incumbent LEC service representative may review Advanced Services availability information provided to the incumbent LEC by the separate Advanced Services affiliate to determine whether the affiliate offers a certain Advanced Service in the area where the customer resides.

(5) Upon securing a customer's agreement to purchase an Advanced Service provided by the separate Advanced Services affiliate, the incumbent LEC service representative may obtain from the customer all customer information necessary to complete the order (e.g., name, address, due date, premises access information, services, ISP information, CPE information). The incumbent LEC service representative must pass such information to the separate Advanced Services affiliate for placement of any necessary service order(s) by the affiliate. The separate Advanced Services affiliate shall use the same interfaces **[and associated processes and procedures]** for placing Advanced Services orders with the SBC/Ameritech incumbent LEC as are made available **[by the incumbent LEC]** to unaffiliated providers of Advanced Services in accordance with Subparagraph 15c.

(6) Consistent with regulatory requirements, the separate Advanced Services affiliate and unaffiliated providers of Advanced Services shall have access to the same customer-specific information for pre-ordering and ordering, other than credit history, that is available to the incumbent LEC, through the same interfaces that are made available ~~to~~ **[on a non-discriminatory basis by]** the incumbent LEC.

c. Design of the Customer's Advanced Service Circuit. Consistent with the Commission's rules implementing the provisions of 47 U.S.C. § 272(b)(1), a separate Advanced Services affiliate shall be responsible for circuit design functions related to a customer's Advanced Services sales order, and these functions may not be performed by an incumbent LEC. The separate Advanced Services affiliate is responsible for the overall design of the Advanced Services circuit, but the incumbent LEC is responsible (and the affiliate is not responsible) for the design of unbundled network elements or telecommunications services used in the Advanced Services circuit where these elements or services are provided by the incumbent LEC. The circuit design functions related to a customer's Advanced Services order that are the responsibility of the separate Advanced Services affiliate include:

(1) The identification of Advanced Services network components, unbundled network elements, telecommunications services and work activities necessary to provision the Advanced Service circuit to the customer's premises;

(2) The determination of the routing of the Advanced Services circuit and the location(s) of the identified Advanced Services network components, unbundled network elements, and telecommunications services;

(3) The creation of a work order to have all such Advanced Services network components, unbundled network elements and telecommunications services made available and all such activities completed. Examples of Advanced Services network components, unbundled network elements and telecommunications services that would be identified in the design stage are (i) unbundled local loops and DS1 special access circuits provided by the incumbent LEC, and (ii) DSLAMs and ATM switch ports provided by the separate Advanced Services affiliate. Examples of work activities that would be identified in the design stage are (i) the conditioning of an unbundled local loop, (ii) the cross-connections required to connect all of the components, and (iii) the installation of Advanced Services Customer Premises Equipment ("CPE") at the customer premises.

d. Assignment of the Advanced Services Equipment Required to Provide the Customer's Advanced Services Circuit. Consistent with the Commission's rules implementing the provisions of 47 U.S.C. § 272(b)(1), the separate Advanced Services affiliate shall be responsible for the assignment functions related to the Advanced Services Equipment used to provision a customer's Advanced Services order, and these functions may not be performed by an incumbent LEC. Examples of the assignment functions related to a customer's Advanced Services order that are the responsibility of the separate Advanced Services affiliate include (i) assignment of the DSLAM equipment, and (ii) assignment of the ATM switch port.

e. Creating and Maintaining the Customer's Record, Including the Customer's Advanced Service Circuit Layout Record. The separate Advanced Services affiliate shall be responsible for creating and maintaining all records associated with the customer's Advanced Services account, and these records may not be created or maintained by an incumbent LEC. These records may be provided to an incumbent LEC for its use in providing joint marketing, customer care, and billing and collection services to the separate Advanced Services affiliate. The records that the separate Advanced Services affiliate shall be responsible for creating and maintaining include:

(1) The record that ~~provides~~ [describes] the Advanced Services network components, unbundled network elements, and telecommunications services (including location, identification numbers, etc.) utilized by the separate Advanced Services affiliate to

provision the customer's Advanced Services circuit. Where the separate Advanced Services affiliate utilizes the telecommunications services or unbundled network elements of the incumbent LEC, the incumbent LEC will be responsible for all records associated with how such services or unbundled network elements are provisioned. For example, if the affiliate orders (from the incumbent LEC) a DS1 special access service from location A to location Z, (i) the affiliate's circuit layout record will reflect the DS1 service from location A to location Z, and (ii) the incumbent LEC's record will reflect the layout of the circuit utilized to provision the DS1 service (e.g., that the circuit routes from location A through locations B and C before it terminates at location Z).

(2) The record that contains the information necessary to facilitate billing the customer for the Advanced Service being provided to the customer.

f. Ordering, from the Incumbent LEC, the Interconnection Facilities and Telecommunications Services Required to Provide the Customer's Advanced Services Circuit. The separate Advanced Services affiliate shall be responsible for ordering all interconnection facilities (e.g., unbundled local loops) and all telecommunications services (e.g., DS1 special access service) from the incumbent LEC, and the ordering of such facilities and services may not be performed by an incumbent LEC. The incumbent LEC must permit unaffiliated telecommunications carriers to order such facilities and services under the same rates, terms, and conditions, and to utilize the same processes, as are made available to the separate Advanced Services affiliate. In particular, the separate Advanced Services affiliate may utilize only those OSS interfaces for ordering unbundled network elements and other interconnection services as are made available to unaffiliated telecommunications carriers.

g. Connecting and Testing the Network Components and Telecommunications Services Required to Provision the Customer's Advanced Services Circuit. An incumbent LEC technician may, pursuant to the OI&M provisions of Subparagraph 3c, perform the following tasks:

(1) An incumbent LEC technician may, in accordance with a work order received from the separate Advanced Services affiliate, connect the various network components and telecommunications services utilized to provision the customer's Advanced Service circuit. These connections could include (but would not be limited to) the connection from an unbundled loop to a DSLAM port identified by the affiliate, and the connection from a DS1 special access service to an ATM switch port identified by the affiliate. If the incumbent LEC provides these services to the separate Advanced Services affiliate, it must provide the same services under the same rates, terms, and conditions to unaffiliated telecommunications carriers, and it must provide unaffiliated telecommunications carriers access to the same process for sending work orders to the incumbent LEC as the incumbent LEC provides to the affiliate.

(2) An incumbent LEC technician may, in accordance with a work order received from the separate Advanced Services affiliate, test the customer's Advanced Service circuit after all of the various network components and telecommunications services utilized to provision the circuit have been connected together. In performing this test, the technician may use whatever test systems or equipment are typically made available to the technician. If the incumbent LEC provides these services to the separate Advanced Services affiliate, it must provide the same services under the same rates, terms, and conditions to unaffiliated telecommunications carriers, and it must provide unaffiliated telecommunications carriers access to the same process for sending work orders to the incumbent LEC as the incumbent LEC provides to the affiliate.



h. Installing and Testing any CPE Associated with the Customer's Advanced Service. An incumbent LEC technician may, pursuant to the OI&M provisions of Subparagraph 3c, install and test CPE at the customer premises on behalf of the separate Advanced Services affiliate. If the incumbent LEC provides these services to the separate Advanced Services affiliate, it must provide the same services under the same rates, terms, and conditions to unaffiliated telecommunications carriers.

i. Advising the Customer of the Status of the Order. Consistent with the customer care provisions of Subparagraph 3a, an incumbent LEC service representative may, on an exclusive basis on behalf of the separate Advanced Services affiliate, provide ongoing customer notification of service order progress and respond to customer inquiries regarding the status of the customer's order. The incumbent LEC service representative must obtain all information regarding the status of the customer's Advanced Service order from the separate Advanced Services affiliate.

j. Receipt and Isolation of Troubles Affecting the Customer's Advanced Service. In the event that an end user customer contacts the SBC/Ameritech incumbent LEC to report a trouble that may affect an Advanced Service provided by the separate Advanced Services affiliate, the incumbent LEC may perform the following trouble-related functions for the affiliate, provided that the same functions and related processes and procedures provided to the affiliate are made available to unaffiliated providers of Advanced Services in the same state on ~~{a}~~ non-discriminatory ~~{basis}~~ **[rates, terms, and conditions]**:

(1) Where the customer contacting the incumbent LEC is a customer of the incumbent LEC, the incumbent LEC may perform a line test of facilities the incumbent LEC uses to provide its services to the customer, to indicate whether the trouble is associated with or affects services provided to the customer by the incumbent LEC. If the incumbent LEC's line test indicates that the trouble is associated with or affects services provided to the customer by the incumbent LEC, the incumbent LEC may resolve the trouble.

(2) Where the customer contacting the incumbent LEC is a customer of the incumbent LEC, and the incumbent LEC's line test of facilities the incumbent LEC uses to provide its services to the customer indicates that the trouble is not associated with ~~{and}~~ **[and/or]** does not affect services provided to the customer by the incumbent LEC, the incumbent LEC may transfer the trouble report (including the results of any line test performed by the incumbent LEC) or refer or transfer the end user customer to the separate Advanced Services affiliate. If the incumbent LEC provides the separate Advanced Services affiliate such referral or transfer services, the incumbent LEC shall ~~{provide}~~ **[offer]** the same referral or transfer services to ~~{an}~~ unaffiliated ~~{provider}~~ **[providers]** of Advanced Services~~{, if known,}~~ on ~~{a}~~ non-discriminatory ~~{basis}~~ **[rates, terms, and conditions]**. In the event that the incumbent LEC uses an electronic system to transfer trouble reports to its affiliate in a state, (i) the affiliate shall pay its appropriate share of the costs of that system in accordance with the Commission's accounting safeguards pursuant to 47 U.S.C. § 272 in accordance with Paragraph 3 above and (ii) the incumbent LEC shall offer to develop in that state, within 12 months of a written contract for development of such access, nondiscriminatory access to the same electronic system for unaffiliated Advanced Services providers. In the event that the incumbent LEC uses an electronic system to transfer trouble reports to its affiliate, the incumbent LEC shall also provide unaffiliated Advanced Services providers the option of receiving trouble reports through a public Internet connection. If more than one Advanced Services provider requests access to the same electronic system used by the incumbent LEC to transfer trouble reports to its affiliate, each provider entering into a written contract to obtain such

access will pay its proportionate share of the costs associated with developing the access based upon the number of providers requesting access. If the requested access has already been developed for another provider, SBC/Ameritech shall provide the access without a development charge. SBC/Ameritech shall develop and pay for a training package, and the ~~{CLEC}~~ **[requesting Advanced Services provider]** shall pay for the costs of delivery of the training.

(3) Where the customer contacting the incumbent LEC is not a customer of the incumbent LEC, but contacts the SBC/Ameritech incumbent LEC to report a trouble affecting an Advanced Service, the incumbent LEC shall not perform testing on the line, but will refer the customer to the customer's Advanced Services provider, if known, for resolution of the trouble.

k. Repair of Troubles. A separate Advanced Services affiliate is responsible for maintaining and repairing any Advanced Services Equipment it owns **[or leases]**. To fulfill this responsibility, a separate Advanced Services affiliate may contract with an incumbent LEC, pursuant to the OI&M provisions of Subparagraph 3c, to maintain and repair Advanced Services Equipment owned **[or leased]** by the affiliate. If the incumbent LEC provides these maintenance and repair services for Advanced Services Equipment to the separate Advanced Services affiliate, it must **[offer to]** provide the same services under the same rates, terms, and conditions to unaffiliated providers of Advanced Services. All maintenance and repair that is provided by the incumbent LEC, including maintenance and repair in connection with its provision of interconnection, unbundled network elements, or resold services, shall be made available to the separate Advanced Services affiliate using the same interfaces, processes, and procedures as are made available to unaffiliated providers of Advanced Services.

l. Servicing the Customer's Account. Consistent with the joint marketing and customer care provisions of Subparagraph 3a and the billing and collection provisions of Subparagraph 3b, an incumbent LEC service representative may, on an exclusive basis on behalf of the separate Advanced Services affiliate, perform certain tasks to service the account of a separate Advanced Services affiliate customer. Specifically, these tasks ~~{may}~~ include:

(1) Receiving customer calls to change an account (e.g., change of name, change of billing address).

(2) Receiving and resolving customer complaints or inquiries.

(3) Interacting with the customer or changing the customer's account information to respond to legal actions affecting or involving the customer.

(4) Interacting with the customer to respond to account balance inquiries and to make payment arrangements.

m. Billing and Collecting for the Advanced Service. An SBC/Ameritech incumbent LEC may provide billing and collection services consistent with the provisions of Subparagraph 3b.

n. Transitional Mechanisms. In recognition of the fact that the SBC/Ameritech incumbent LECs provided most Advanced Services prior to the Merger Closing Date and to minimize any disruption to the efficient and timely delivery of Advanced Services to customers,

several transitional mechanisms have been adopted to permit an orderly transition to the steady-state provisioning of Advanced Services described in Subparagraphs (a) through (m) above.<sup>14</sup>

(1) Interim Line Sharing. Pursuant to the provisions of Subparagraph 3d, an incumbent LEC may provide, on an exclusive basis, Interim Line Sharing (as defined in Subparagraph 3d)[, **including OI&M functions associated with Interim Line Sharing,**] to a separate Advanced Services affiliate. The duration of this transition mechanism, with respect to new activations, is dependent on when the Commission requires SBC/Ameritech to provide line sharing to unaffiliated telecommunications carriers.

(2) State Approvals for Providing New Activations of Advanced Services. Pursuant to the provisions of Subparagraphs 6a, 6b, and 6d, an incumbent LEC may continue to provide new activations of Advanced Services in a state until 30 days after the separate Advanced Services affiliate has received all required state certifications and approvals to provide Advanced Services. The affiliate is required to file for all such approvals prior to the Merger Closing Date.

(3) State Approvals for Providing Advanced Services to Embedded Advanced Services Customers. Pursuant to the provisions of Subparagraphs 6a, 6c, and 6e, an incumbent LEC may continue to provide Advanced Services to embedded customers in a state for 270 days after the Merger Closing Date or, if later, until 30 days after SBC/Ameritech have obtained all necessary approvals in that state to transfer or assign the embedded customers to the separate Advanced Services affiliate. The affiliate is required to file for all such approvals prior to the Merger Closing Date, and the incumbent LEC is required to file for any required tariff approvals no later than 5 business days after the Merger Closing Date.

(4) Network Planning, Engineering, Design, and Assignment. Pursuant to the provisions of Subparagraph 3c, the incumbent LEC may, on an exclusive basis, provide network planning, engineering, design ~~{and assignment functions}~~, **and assignment services for Advanced Services Equipment (including the creation and maintenance of customer records),** to the separate Advanced Services affiliate for a period of no more than 180 days after the Merger Closing Date.

(5) Advanced Services Equipment. Pursuant to the provisions of Subparagraph 3d, the incumbent LEC may continue to own Advanced Services Equipment that was installed no later than the date that is 30 days after the Merger Closing Date. After SBC/Ameritech is required to provide all Advanced Services through a separate Advanced Services affiliate in accordance with the provisions of Paragraph 6, if the incumbent LEC permits the separate Advanced Services affiliate to use such equipment (except for such equipment that is used to provide Interim Line Sharing) the incumbent LEC must permit unaffiliated telecommunications carriers to use the equipment under the same ~~[rates,]~~ terms[, and conditions.

(6) Loop Information. Pursuant to the provisions of Subparagraph 3a, the incumbent LEC when engaged in the joint marketing permitted by Subparagraph 3a, may access loop information through an OSS interface that is not available to unaffiliated telecommunications carriers for a period of no more than 180 days after the Merger Closing Date. During this transition,

---

<sup>14</sup> With regard to the legality of any of these activities, *see* Footnote 3.

unaffiliated telecommunications carriers will be able to access the same loop information as is available to the incumbent LEC but will do so through a different interface.

5. Requests for State Approval and Schedule for Establishing Advanced Services Affiliates. SBC/Ameritech will establish the separate Advanced Services affiliate(s) required by Section I in accordance with the following provisions and schedule:

a. In any state where SBC/Ameritech will be providing Advanced Services on the Merger Closing Date, the separate Advanced Services affiliate(s) shall, prior to the Merger Closing Date: negotiate and file for approval pursuant to 47 U.S.C. §§ 251 and 252 interconnection agreement(s) with the affiliated incumbent LEC setting forth terms, conditions and prices for the provision of interconnection, telecommunications services, and network elements that the affiliated incumbent LEC shall provide to the separate Advanced Services affiliate for the purposes of the separate affiliate's provision of Advanced Services. Such agreement(s) shall be sufficiently detailed to permit telecommunications carriers to exercise effectively their "pick-and-choose" rights under 47 U.S.C. § 252(i) and the Commission's rules implementing that section.<sup>15</sup> A telecommunications carrier may pick and choose the specific types of OI&M services that the incumbent LEC has agreed to provide to the separate Advanced Services affiliate in that state. If an SBC/Ameritech incumbent LEC provides OI&M services to a separate Advanced Services affiliate within a state, the incumbent LEC shall offer those OI&M services to unaffiliated telecommunications carriers within the same state on a non-discriminatory basis.

b. In any state where SBC/Ameritech will be providing Advanced Services on the Merger Closing Date, the separate Advanced Services affiliate(s) shall, prior to the Merger Closing Date, consistent with state law, file for any required state certifications (for intrastate services) or approvals (for both interstate and intrastate services) necessary for the separate affiliate to provide Advanced Services.

c. In any state where an SBC/Ameritech incumbent LEC will provide Advanced Services on the Merger Closing Date, SBC/Ameritech shall establish prior to the Merger Closing Date a separate Advanced Services affiliate.

d. In any state where SBC/Ameritech provided Advanced Services through a separate Advanced Services affiliate on August 27, 1999, except Connecticut, such affiliate shall be

---

<sup>15</sup> These agreement(s) shall be written in such a manner that is sufficiently disaggregated to allow a requesting telecommunications carrier to "pick-and-choose", for example, the "Collocation", "Loop Access", or "Line Sharing" sections of the agreement(s) and incorporate those sections into an existing interconnection agreement or any agreement that the requesting telecommunications carrier may be in the process of negotiating. By "sufficiently detailed to permit telecommunications carriers to exercise effectively" their rights, we mean that these agreements must contain rates, terms and conditions that fully comply with the Act and Commission implementing rules; for example, these agreements must contain complete rates, terms and conditions for collocation that offer the Advanced Services affiliate the full range of collocation options allowed by Commission rules. If such agreements do not contain the full range of options, requesting telecommunications will be denied the ability "to exercise effectively" their Section 252 rights.

in compliance with the provisions of Paragraph 3 prior to the Merger Closing Date. In Connecticut, SBC/Ameritech shall establish, prior to the Merger Closing Date, a separate Advanced Services affiliate in compliance with the provisions of Paragraph 3, to comply with the provisions of Subparagraphs 6b and 6d.

e. In any state where SBC/Ameritech does not provide Advanced Services on the Merger Closing Date, SBC/Ameritech shall incorporate and establish a separate Advanced Services affiliate to provide Advanced Services prior to ~~(providing Advanced Services in that state)~~ **[the Merger Closing Date]**.

f. Notwithstanding any other provision of this Paragraph or Paragraph 6, below, SBC/Ameritech may provide an Advanced Service through an SBC/Ameritech incumbent LEC (or other entity that does not comply with the provisions of Paragraph 3) in any state until SBC/Ameritech has obtained all necessary state authorizations and approvals to provide the Advanced Service through the separate Advanced Services affiliate in that state. SBC/Ameritech shall make good-faith efforts to secure the necessary state authorizations and approvals.

6. Providing Advanced Services through the Separate Advanced Services Affiliate. SBC/Ameritech shall phase-in the provision of Advanced Services through its separate Advanced Services affiliate(s), as follows:

a. Ameritech States. In the Ameritech States, SBC/Ameritech shall provide all xDSL Advanced Services through a separate Advanced Services affiliate(s) no later than the Merger Closing Date. SBC/Ameritech shall provide new activations of all other Advanced Services (i.e., Frame Relay) in the Ameritech States through a separate Advanced Services affiliate(s) no later than 30 days after the later of (i) the Merger Closing Date, or (ii) Commission and/or state commission approval of any tariffs necessary for the separate Advanced Services affiliate to provide such Advanced Services. Any non-xDSL Advanced Services provided by the Ameritech incumbent LEC on either a retail or wholesale basis in the Ameritech States prior to the Merger Closing Date shall be transferred to a separate Advanced Services affiliate no later than the later of: (i) 30 days after state approval of all necessary agreements with the affiliated incumbent LEC that are necessary to carry out the provisions of this Section I, including any interconnection agreement(s), (ii) 30 days after approval of any tariffs necessary for the separate Advanced Services affiliate to provide such Advanced Services, or (iii) 270 days after the Merger Closing Date. Any tariffs necessary for the separate Advanced Services affiliate to provide those Advanced Services that were provided by the incumbent LEC on the Merger Closing Date shall be filed no later than 5 business days after the Merger Closing Date.

b. SBC States - New Activations for Advanced Services Customers that are Providers of Internet Services. In each SBC State, SBC/Ameritech shall provide new activations of Advanced Services to customers that are providers of Internet services through a separate Advanced Services affiliate no later than 30 days after the later of (i) state approval of all agreements with the affiliated incumbent LEC that are necessary to carry out the provisions of this Section I, including any interconnection agreement(s), or (ii) Commission approval of any tariffs necessary for the separate Advanced Services affiliate to provide such Advanced Services. Any tariffs necessary for the separate Advanced Services Affiliate to provide such Advanced Services shall be filed no later than 5 business days after the Merger Closing Date. The terms of this Subparagraph b are established in recognition of, and are expressly contingent upon, the fact that the FCC has determined that Advanced Services used to provide Internet services are interstate access services.

In the event such services are determined to be intrastate, and state certification is required to provide new activations of Advanced Services to customers that are providers of Internet services through a separate Advanced Services affiliate, the obligations of this Subparagraph b shall apply 30 days after state approval of any certification that the state deems required for the separate Advanced Services affiliate to provide new activations of Advanced Services to customers that are providers of Internet services.

c. SBC States - Incumbent LEC's Embedded Base of Advanced Services Customers That Are Providers of Internet Services. In each SBC State, any Advanced Services provided by SBC/Ameritech's incumbent LEC in that state to customers that are providers of Internet services shall be transferred or assigned, along with the associated customer relationship, to the separate Advanced Services affiliate no later than the later of: (i) 30 days after such state approval of all necessary agreements as discussed in Subparagraph b, (ii) 30 days after Commission approval of any tariffs necessary for the separate Advanced Services affiliate to provide such Advanced Services, or (iii) 180 days after the Merger Closing Date. Any tariffs necessary for the separate Advanced Services Affiliate to provide such Advanced Services shall be filed no later than 5 business days after the Merger Closing Date. The terms of this Subparagraph c are established in recognition of, and are expressly contingent upon, the fact that the Commission has determined that Advanced Services used to provide Internet services are interstate access services. In the event such services are determined to be intrastate, and state certification is required to transfer Advanced Services provided by SBC/Ameritech's incumbent LEC to customers that are providers of Internet services to the separate Advanced Services affiliate, the obligations of this Subparagraph c shall apply 30 days after state approval of any certification that the state deems required for the separate Advanced Services affiliate to provide Advanced Services to customers that are providers of Internet services.

d. SBC States - New Activations for Other Advanced Services Customers. In each SBC State, SBC/Ameritech shall provide new activations of Advanced Services to customers that are not providers of Internet services through a separate Advanced Services affiliate no later than 30 days after the later of: (i) state approval of all agreements with the affiliated incumbent LEC necessary to carry out the provisions of this Section I, including any interconnection agreement(s), (ii) state approval of any certification that the state deems required for the separate Advanced Services affiliate to provide Advanced Services in that state, or (iii) approval of any federal or state tariffs necessary for the separate Advanced Services affiliate to provide such Advanced Services. Such tariffs shall be filed no later than 3 days after state approval of any certification that the state deems required for the separate Advanced Services affiliate to provide Advanced Services in that state.

e. SBC States - Incumbent LEC's Embedded Base of Other Advanced Services Customers. In each SBC State, any Advanced Services provided by SBC/Ameritech's incumbent LEC in that state to customers that are not providers of Internet services shall be transferred or assigned, along with the associated customer relationship, to the separate Advanced Services affiliate no later than the later of: (i) 30 days after state approval of any necessary certification, tariffs, or any other required state authorization, (ii) 30 days after state approval of all necessary agreements, including any agreement to transfer or assign customers from the incumbent LEC to the separate Advanced Services affiliate, or (iii) 180 days after the Merger Closing Date. Any necessary tariffs shall be filed no later than 3 days after state approval of any certification that the state deems required for the separate Advanced Services affiliate to provide Advanced Services in that state. It is

understood that in Connecticut the duration of the transition period may be prolonged as a consequence of state-law restrictions relating to Advanced Services on SNET and its affiliates.

f. Existing Tariffs. To comply with the requirements of Subparagraphs a, b, and d above, SBC/Ameritech shall, no later than 3 days after obtaining all necessary certifications, authorizations, and/or approvals to provide new activations of an Advanced Service through a separate Advanced Services affiliate in a state, (i) file tariff changes with the Commission and/or the state commission to terminate the offering of new activations of such Advanced Service by the incumbent LEC, and (ii) cease initiating any marketing or sales of new activations of such Advanced Service from the tariffs of the incumbent LEC. Notwithstanding the requirements of Subparagraphs a, b, and d above, until such tariff changes are approved by the Commission and/or the state commission (including any mandatory customer notification period), the SBC/Ameritech incumbent LEC shall comply with such tariffs as then in effect if the incumbent LEC receives a request for a new activation of an Advanced Service.

g. Transition Period. In the SBC/Ameritech Service Areas in each SBC/Ameritech State, until such time as SBC/Ameritech is required, pursuant to the provisions of Subparagraphs a, b, or d, above, to provide new activations of Advanced Services through the separate Advanced Services affiliate in that state, SBC/Ameritech shall be permitted to provision such services through SBC/Ameritech's incumbent LEC in that state in the following manner, which is intended to be the "functional equivalent" of provisioning service through a separate Advanced Services affiliate.

(1) Either the SBC/Ameritech incumbent LEC or the separate Advanced Services affiliate may joint market Advanced Services to customers;

(2) Except for orders that contain ADSL service that uses Interim Line Sharing, as provided for in Paragraph 8, customer orders for Advanced Services obtained by the incumbent LEC must be passed to the separate Advanced Services affiliate for processing. For customer orders that contain ADSL service that uses Interim Line Sharing, as provided for in Paragraph 8, the incumbent LEC may, on an exclusive basis pursuant to a written agreement with the separate Advanced Services affiliate, process the order;

(3) Except for orders that contain ADSL service that uses Interim Line Sharing, as provided for in Paragraph 8, the separate Advanced Services affiliate shall order the facilities and/or services needed to provide the Advanced Service from the incumbent LEC. Within 180 days of the Merger Closing Date, the separate Advanced Services affiliate shall order such facilities utilizing the same interfaces with the incumbent LEC as the incumbent LEC provides to unaffiliated providers of Advanced Services. For customer orders that contain ADSL service that uses Interim Line Sharing, as provided for in Paragraph 8, the incumbent LEC may, on an exclusive basis pursuant to a written agreement with the separate Advanced Services affiliate, order the facilities needed to provide the ADSL service; and

(4) Any Advanced Services orders received by the separate Advanced Services affiliate shall be passed to the incumbent LEC, which shall provide Advanced Services to the SBC/Ameritech customer. The SBC/Ameritech incumbent LEC may lease from the separate Advanced Services affiliate any Advanced Services Equipment required for the incumbent LEC to provide any Advanced Service.

~~{h. Affiliate Transactions. SBC/Ameritech shall maintain internal records for affiliate transactions pursuant to interconnection agreements between each SBC/Ameritech incumbent LEC and a separate Advanced Services affiliate. Such internal records shall document, on a state-by-state basis, the prices, quantities, and other material terms of transactions made pursuant to the interconnection agreement, including, without limitation, the charges assessed for the provision of unbundled local loops and the conditioning of such loops to the affiliate. If not made publicly available, such internal records for the first 6 months following the Merger Closing Date shall be made available for review by the independent auditor selected to perform the Advanced Services audit required by Paragraph 67, under procedures that are the same, in all relevant respects, as those established for the collocation audit under Subparagraphs 40a through 40g of these Conditions. For the period between 6 and 36 months after the Merger Closing Date, such information that is not made publicly available shall be reviewed annually as part of the agreed-upon procedures engagement audit required under Paragraph 67. Upon completion of each review, the auditor shall issue an attestation report resulting in a positive opinion (with exceptions noted) as to whether or not the internal records furnished to the auditor demonstrate that the prices and other terms and conditions of the transactions between the SBC/Ameritech incumbent LEC and the separate Advanced Services affiliate(s) conform to the terms and conditions set forth in the interconnection agreements between the parties.}~~

7. With respect to any state certification, state tariff approval or other state authorization required by this Section I, a Commission Order specifically determining that state certification, state tariff approval or other authorization is not required for the separate Advanced Services affiliate to provide certain interstate Advanced Services to certain types of customers shall apply in lieu of state certification, state tariff approval or other authorization for such interstate Advanced Services and such customers.

8. Provisioning of Interim Line Sharing to the Separate Advanced Services Affiliate. Notwithstanding the non-discrimination provisions of Paragraph 3 above, an SBC/Ameritech incumbent LEC may provide Interim Line Sharing (as defined in ~~{Paragraph 3d}~~) **[Subparagraph 3d), including OI&M functions associated with Interim Line Sharing,**] to a separate Advanced Services affiliate on an exclusive basis in accordance with the following provisions:<sup>16</sup>

a. The SBC/Ameritech incumbent LEC may provide Interim Line Sharing capability to the separate Advanced Services affiliate within a certain geographic area for the provision of Advanced Services activated prior to the time that line sharing is provided to unaffiliated providers of Advanced Services within the same geographic area.<sup>17</sup>

b. The SBC/Ameritech incumbent LEC shall establish and make available through interconnection agreements with the separate Advanced Services affiliate (and with

---

<sup>16</sup> With regard to the legality of this provision of Interim Line Sharing or the Surrogate Line Sharing Charges, see Footnote 3.

<sup>17</sup> See footnote 16. This permissive provision of exclusive Interim Line Sharing assumes, and is contingent upon, SBC/Ameritech making available unbundled copper loops (with no limitation on length) to unaffiliated providers of Advanced Services; if such loops are unavailable, or are not made available, SBC/Ameritech may not provide exclusive Interim Line Sharing to its Affiliate.



unaffiliated telecommunications carriers pursuant to the provisions of Paragraph 14) surrogate charges for the costs incurred in making available an unbundled local loop capable of providing Advanced Services (such as ADSL) in combination with voice grade services ("Surrogate Line Sharing Charges"). For purposes of this Section I, "voice grade service" means the transmission of an analog signal within an approximate bandwidth of 300 to 3000 Hz. The Surrogate Line Sharing Charges shall be 50 percent of the lowest monthly recurring charge, 50 percent of the lowest non-recurring line or service connection charge, and 100 percent of the lowest non-recurring service order charge (i.e., there is no discount for the service order charge), for the unbundled local loop then effective that have been established by the state commission pursuant to 47 U.S.C. § 252(d)(1).<sup>18</sup> The lowest non-recurring charges used in calculating the Surrogate Line Sharing Charges shall be the set of non-recurring charges contained in a tariff and/or single interconnection agreement for which the sum of the non-recurring line or service connection charge and the non-recurring service order charge is the lowest. The SBC/Ameritech incumbent LEC shall charge the separate Advanced Services affiliate these Surrogate Line Sharing Charges for the affiliate's shared use of a local loop if: (i) the SBC/Ameritech incumbent LEC is able to provision the Advanced Service of the separate Advanced Services affiliate over the same loop that the incumbent LEC is using to provide voice grade services on either a retail or wholesale basis, and (ii) the Advanced Service is within a spectral mask that is compatible with the incumbent LEC's voice grade service and the filters used by the incumbent LEC to provide Interim Line Sharing. The compatibility standard in the previous sentence shall be presumptively met if the Advanced Service utilizes a technology for which the spectral mask complies with an industry-recognized standard that would be compatible with both (i) the incumbent LEC's voice grade service, and (ii) the filters specified in Annex E to ANSI standard T1.413-1998. For any other technology, the separate Advanced Services affiliate may meet the compatibility standard by showing that the technology (i) would be compatible with the incumbent LEC's voice grade service and (ii) is compatible with the filters specified in Annex E to ANSI standard T1.413-1998. Surrogate Line Sharing Charges shall not apply retroactively to charges for an unbundled loop incurred prior to the effective date of the Surrogate Line Sharing Charges, but will apply to charges incurred after the effective date of the Surrogate Line Sharing Charges for both (i) recurring charges for qualifying loops in service, and (ii) recurring and non-recurring charges for new installations of qualifying loops. In order to be entitled to the Surrogate Line Sharing Charges, however, the SBC/Ameritech separate Advanced Services affiliate must certify to the incumbent LEC that it is not providing voice grade service in conjunction with Advanced Services over the broadband channel. The Surrogate Line Sharing Charge may be billed through credits, true-ups, or other billing mechanisms provided, however, that such credits, true-ups or other mechanisms are applied within 60 days of the initial billing for the service.

9. The separate Advanced Services affiliate(s) required by this Section shall, to the extent that they provide interstate exchange access services, be regulated by the Commission as non-dominant carrier(s) with respect to the provision of Advanced Services.<sup>19</sup> The separate Advanced

---

<sup>18</sup> ILECs that have filed DSL tariffs at the Commission have submitted cost studies indicating that there is no incremental loop cost in providing Advanced Services through Line Sharing. Nothing in Condition 8 shall indicate any Commission determination that the incremental loop cost of providing Advanced Services through Line Sharing is different from the incremental cost indicated by the ILEC cost studies.

<sup>19</sup> This statement shall not be construed as the Commission accepting that SBC/Ameritech do not possess market power in any market or control access to bottleneck facilities.